

STATE OF HAWAII

Accounting Manual

Volume II: Budgetary Control Accounting
Part 600: Disbursements

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SECTION 636: FORGED WARRANTS

1. General Description. A forged WARRANT is a WARRANT that is reported as having the payee's endorsement forged.
2. Purpose. The purpose of this section is to outline the procedures for processing WARRANTS that are allegedly forged.
3. Scope. This section covers the procedures from the time when a payee alleges that his signature has been forged, through the recovery of the forged amount, and the issuing of a duplicate WARRANT (replacement) to the payee.
4. Jurisdiction. Although the Comptroller is the issuer of State WARRANTS, the Director of Finance is the payor and is responsible for the proper payment of WARRANTS, including their proper endorsement. For reasons of convenience and proximity to the files of paid WARRANTS, the Comptroller has accommodated certain activities related to allegedly improper endorsements; these activities, which are technically within the jurisdiction of the Director of Finance, are those identified in paragraphs (d) through (h) below.
5. Processing Procedures. In the following descriptions, those activities ascribed to the "Comptroller" are performed by the Pre-Audit Branch of DAGS Accounting Division, on behalf of the Comptroller.
 - (a) A payee reports to the Comptroller, directly or through departmental or other designated representatives, that he has not received a State of Hawaii WARRANT for payment due him as an employee, or due him as a vendor for services rendered or, supplies furnished, or due him for other reasons.
 - (b) The Comptroller requests the Department of Budget and Finance, Electronic Data Processing Division (data processing center) to determine the status of the WARRANT on a STOP PAYMENT NOTICE form. (Refer to Section 633 in this Manual for information on this form.)
 - (c) The data processing center researches the Comptroller's outstanding WARRANT computer file to determine whether the WARRANT was redeemed.
 - (d) If the WARRANT was redeemed, the data processing center submits copies of the paid WARRANT to the Comptroller; a copy thereof is forwarded to the payee for verification as to whether the endorsement is his signature.

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- (e) If the payee determines that the signature is his, the case is dropped. If the payee determines that the signature is a forgery, the payee is required to submit a written request to the Comptroller for issuance of a new WARRANT, on the basis that endorsement of the original WARRANT was forged.
- (f) Under cover of the written request submitted by the payee in 4(e) above, the payee is required to submit, to the Comptroller, forgery AFFIDAVIT forms that have been duly signed by him and notarized.
- (g) Upon receipt of the AFFIDAVIT forms, properly executed, the Comptroller requests the data processing center (via the STOP PAYMENT NOTICE form) to send the original WARRANT and three copies thereof to the Comptroller.
- (h) The original WARRANT and the three copies, the original AFFIDAVIT form and two copies, the STOP PAYMENT NOTICE form, and the payee's written request for issuance of a new WARRANT, are forwarded to the Chief, Accounting Division, for review and preparation of transmittal to B&F's Finance Division.
- (i) The Comptroller transmits the AFFIDAVIT and copies of the paid WARRANT to B&F's Finance Division for action to recover the amount of the forged WARRANT from the bank that presented the WARRANT and was paid for it.
- (j) B&F's Finance Division recovers the full amount of the forged WARRANT, and deposits it by TREASURY DEPOSIT RECEIPT, SAFORM B-13, a copy of which is submitted to the Comptroller.
- (k) The Comptroller requests that a duplicate WARRANT be prepared by completing and submitting the original STOP PAYMENT NOTICE, with a copy of the TREASURY DEPOSIT RECEIPT, to the data processing center.
- (l) A duplicate WARRANT is prepared by the data processing center and submitted to the Comptroller.
- (m) The Comptroller reviews and records the WARRANT data and releases the duplicate WARRANT to the payee (or to the department involved if the request for the new WARRANT was received through the department).
- (n) The original WARRANT is then used, under control of DAGS Accounting Division, for any further recovery action that is necessary by bank or governmental investigators in pursuing the alleged forgery.